



What is HIP?

The Healthy Incentive Program (HIP) is Massachusetts' implementation of a \$3.4 million Food Insecurity Nutrition Incentive (FINI) grant from the USDA. The program addresses the primary barrier to accessing fresh fruits and vegetables for low-income families: the affordability of high quality, nutritious foods.

The goals of the HIP project are to:

- 1. Reduce barriers to participation in the benefit for both SNAP customers and retailers;
- 2. Increase the availability of locally grown fruits and vegetables for SNAP customers; and
- 3. Make it easier for SNAP retailers to process both SNAP and the new HIP benefit.

HIP means:

- 1. Increased food security;
- 2. Improved community health;
- 3. Improved personal health (and healthier families!); and
- 4. Strengthened local economies and farms.

How does HIP work?

HIP seeks to promote healthy food access for SNAP recipients by reducing access barriers and increasing the availability of locally grown fruits and vegetables.

The new HIP benefit will be available to SNAP families statewide, beginning April 1, 2017 for a three-year period. The HIP incentive benefit has a monthly cap based on household size. Households will need to spend SNAP dollars on fruits and vegetables at one of the four main points of sale to earn HIP incentives. When a SNAP customer swipes their SNAP/EBT card for fruit and vegetable purchases, an equal amount of incentive funds are immediately and automatically added back to their cards for any future SNAP purchase at any SNAP retailer, up to the monthly cap. For example, if a family uses their SNAP benefits to buy \$15 of fresh produce at a farmers' market, a credit of \$15 will be immediately returned to their EBT card.

HIP will match SNAP customer's purchases of local fruits and vegetables only at participating farmers' market vendor stalls, farm stands, mobile markets and CSAs with customers receiving an instant, dollar-for-dollar match credited to their EBT card through specially programmed SNAP systems, e.g. EBT terminals.

This means more fresh, healthy, local food for the hundreds of thousands of households receiving SNAP benefits in Massachusetts. Further, as SNAP customers earn matching dollars on their fruit and vegetable purchases, local farmers will also benefit from this direct investment in local agriculture.

SNAP Retailers & HIP

The program is designed to simplify the SNAP and HIP transaction processes for SNAP customers, retailers and other partners; minimize or eliminate any potential chance of fraud; and simplify the administration and management of SNAP and HIP. The option that best supports these goals is for a direct, SNAP customer-to-farmer transaction. Therefore, under the new program we are recruiting fruit and vegetable farmers/vendors at farmers' markets, as well as to farms that operate farm stands and CSAs to accept SNAP and access the equipment to process both SNAP and HIP. In addition to the current SNAP and HIP processing options (see below), the state is also pursuing a free option for farmers to support this direct transaction process.

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Why provide farmers with their own terminals to process SNAP and HIP?

- Advance SNAP benefits processing, to the latest and most supported EBT technologies available to farmers and farmers markets and to prevent fraud.
- Convenient for SNAP customers, allowing them to conduct transactions directly with farmers and at any one of hundreds of farmers markets and farms.
- Efficient way to manage an incentive program.

The following systems are options to process both SNAP and the new HIP benefit at farmers' markets, farm stands, mobile markets and CSA programs:

EBT Terminal Options to Process <u>HIP</u>	Farm Stand	Farmers' Market	Mobile Markets	CSA
1. Xerox EBT only terminal*	Yes	No	No	Yes
2. SNAP CSA automated vendor payment system	No	No	No	Yes
3. Mobile Market+	Yes	Yes	Yes	Yes
4. eToken	No	Yes	No	No
5. Manual vouchers**	Yes	Yes	Yes	Yes
6. Pending Wireless EBT terminals <u>Details TBD***</u>	Yes	Yes	Yes	Yes
7. Token Systems, like those that process SNAP at existing farmers markets	No	No	No	No

^{*}Xerox EBT only terminals require BOTH electricity and an analog phone line at the point of sale.

CURRENTLY AVAILABLE SNAP AND HIP PROCESSING OPTIONS

- 1. **Xerox EBT-only terminals**. A free option through the State, which requires electricity and an analog phone line to operate. Transactions are processed directly to Xerox, the State's EBT provider.
- 2. **SNAP CSA automated vendor payment system**. The SNAP CSA model has been expanded statewide and now incorporates HIP functionality within the current Xerox system payment system. No EBT equipment required.
- 3. **Mobile incentive platforms such as Mobile Market+.** Utilizes an iPad or iPhone device to act as a wireless Point of Sale (POS) machine processing SNAP/HIP transactions directly to Xerox, the EBT provider.
- 4. **eToken.** Supports one market terminal for processing through Xerox (using one of the above technologies) with individual vendors recoding sales and creating payment records via tablet, laptop, smartphone, and iPod touch. Market manager must then reconcile records and transfer funds from the market to each vendor
- 5. **Manual vouchers**. Used to manually process SNAP benefit purchases or return transactions in the absence of a POS device, or if the POS device is not working. A manual voucher is a small paper form that resembles a check, completed by the Direct Marketing Farmer or Farmers' Market Manager (if using eToken), and the EBT Cardholder, and is authorized by calling the Xerox Retailer Customer Service Call Center at the time of the transaction.

^{**}Manual vouchers, while eligible to process HIP, requires farmer to mail in the hard copy for processing. Payment and benefits will not become active until payment is processed.

^{***} Pending Wireless EBT terminals are still unconfirmed for the 2017 farm season

PENDING SNAP AND HIP PROCESSING OPTION

1. **Reprogrammed Wireless EBT terminals.** The state is pursuing a free option that would have a terminal programmed to also process HIP transactions—*date TBC*.

SNAP ONLY PROCESSING OPTION

- 1. The above systems can and will continue to process SNAP in addition to (and in the absence of) HIP.
- Farmers who are not selling fruit and veggies and Market Managers processing SNAP on behalf of non-fruit
 and veggies vendors, can still process SNAP through their <u>current EBT processing systems</u>, <u>including all</u>
 <u>integrated POS systems</u>. Farmers Markets who process EBT cards at a centralized cashier/market manager
 and then use SNAP tokens for SNAP or for privately funded SNAP match, <u>can continue</u>. *<u>No tokens</u> can be
 utilized to process the new HIP benefit.

SNAP Retailer Sign-up Events

SNAP retailer sign-up events provide for an expedited FNS authorization process. DAR and DTA in cooperation with partner organizations schedule drop-in information sessions where farmers and farmers' markets can get authorized for SNAP and receive their USDA FNS number the <u>very same day</u>. USDA staff are onsite and assist with the application process. Attendees can also find out about wireless equipment options to process SNAP payments (as well as credit/debit), and may learn about other resources available.

Benefits to Farmers/Vendors

- 1. Direct processing of SNAP and HIP payments, which pays farmers directly to their bank accounts, within one to two business days.
- 2. Shoppers can pay the exact amount due for their purchase, rather than farmers having to "round up" the volume of produce/food to meet SNAP token values.

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3. Due to the extensive SNAP shopper outreach and volume of incentives available (\$1.25 million) the demand for and sales of produce to SNAP shoppers should increase dramatically.

Where to get more information

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